

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2650
ANSWERED ON:31.08.2007
DISINVESTMENT POLICY
Yerrannaidu Shri Kinjarapu

Will the Minister of FINANCE be pleased to state:

- (a) the details of disinvestment policy governing the process of disinvestment of Government as well as private equities;
- (b) whether a revised disinvestment policy has been formulated;
- (c) if so, the details thereof;
- (d) whether the Union Government is treating the oil sector as non-strategic for disinvestment purpose; and
- (e) if so, the rationale for classifying oil as non-strategic sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a) The policy with respect to the public sector, including disinvestment, is laid down in the National Common Minimum Programme adopted by the Government in May, 2004. The relevant extracts of NCMP are given hereunder:-

‘The UPA Government is committed to a strong and effective public sector whose social objectives are met by its commercial functioning. But for this, there is need for selectivity and a strategic focus. The UPA is pledged to devolve full managerial and commercial autonomy to successful, profit-making companies operating in a competitive environment. Generally profit-making companies will not be privatized.

All privatizations will be considered on a transparent and consultative case-by-case basis. The UPA will retain existing ‘navratna’ companies in the public sector while these companies raise resources from the capital market. While every effort will be made to modernize and restructure sick public sector companies and revive sick industry, chronically loss-making companies will either be sold-off, or closed, after all workers have got their legitimate dues and compensation. The UPA will induct private industry to turn around companies that have potential for revival.

The UPA Government believes that privatization should increase competition, not decrease it. It will not support the emergence of any monopoly that only restricts competition. It also believes that there must be a direct link between privatization and social needs - like, for example, the use of privatization revenues for designated social sector schemes. Public sector companies and nationalized banks will be encouraged to enter the capital market to raise resources and offer new investment avenues to retail investors’.

(b) & (c) No, Sir.

(d) & (e) Do not arise in view of reply to (a) above.